

CEPS COMMENTARY

*Thinking ahead for Europe*

Moldova in 2015: A decisive year for its future

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As politics go in Moldova, a month is not a very long period. Yet, in the weeks that have passed since the November 30th Parliamentary elections, precious time has been lost for a country that can ill afford the passing days and weeks without a new government. The laborious negotiations for the formation of a new government seem to be afflicted with the same illness that characterised the outgoing coalition government – internal rivalries driven by personality disputes rather than serious policy issues.

While the political leaders are dithering, the country's economic woes are crying out for attention.

At the same time, the country is caught in the middle of a much larger geopolitical struggle between Russia and the EU. This struggle is reflected in different ways, not least in the ongoing negotiations to resolve the dispute with Transdniestria which are going nowhere, with only two out of the scheduled five rounds of negotiations of the 5+2 process¹ having taken place during the past year. Russia's influence is also making itself felt in the autonomous region of Gagauzia, where it has openly supported the pro-Russian and Eurasian Union sentiments there.

A prolonged government vacuum in Moldova will thus only add to the atmosphere of uncertainty and insecurity for the future of the country.

Coalition-building

The pro-European parties that formed part of the outgoing coalition government (Liberal Democrat, Democrat and Liberal) were returned in the November elections with a very slim majority, gaining just over 45% of the votes, giving them a combined total number of 54 seats in the 101 seat Parliament. They have announced their intention to form a new government. On the other hand, the Communist Party led by its long-standing leader Vladimir Voronin and the openly pro-Russian Party of the Radical Left, received a combined total of almost 40% giving them 44 seats. Admittedly this is not a united opposition front, with Voronin having pursued an independent line from Moscow during much of his leadership. But with

¹ Officially called Permanent Conference for Political Questions in the Framework of the Negotiating Process for the Transdniestrian Settlement, but commonly referred to as the 5+2 process, which includes the two sides – Moldova and Transdniestria, Russia, Ukraine and the OSCE as mediators, with the latter acting as chair, and the EU and US as observers.

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the country deeply divided between the various political parties offering dramatically different policy options for the country's future, whichever new coalition government emerges will need all the time and resources at its disposal to convince the electorate that it has not only the capacity but also the will power to push through the reforms that the country desperately needs.

Despite crude attempts by Russia to intimidate the previous coalition with its embargo during 2013 of Moldovan wine and other products, the Moldovan government remained steadfast in its determination to pursue its European integration aspirations by signing the Association Agreement as well as the Deep and Comprehensive Free Trade Agreement (DCFTA). It was also granted visa-free travel to the EU, after successfully implementing the necessary reforms. These tangible benefits for the citizens of Moldova were a clear demonstration of the advantages of the country pursuing its European dream. The EU has meanwhile promised much-needed aid for the country to help it achieve a more successful record in the fight against corruption and the other reforms vital for the country's future.

The positive momentum achieved last year should be put to the best advantage by the new government. But the longer the political parties delay in agreeing on a new coalition government, the more they are playing into the hands of Russia, which will do everything in its power to prevent the country from pursuing its European integration aspirations.

Once in place, a new coalition government will thus have no time to lose. Two priorities in particular should stand out in the new government's programme.

Internal reforms

First of all, the new government should set out a bold and ambitious programme of internal reforms aimed at ending once and for all the endemic cronyism and corruption that has stifled economic development and deterred much-needed foreign investment. The Association Agreement signed with the EU sets out very clearly what is required. The first priority should be to implement judicial reform and set up effective mechanisms in the fight against corruption. The EU-Moldova Association Council set up under the Association Agreement, scheduled to meet in the coming weeks, will be an opportunity to reiterate the key priorities, as well as to confirm the EU's financial support and technical expertise in the various sectors identified so as to ensure effective implementation of the adopted reforms.

Solving Transdniestria

Secondly, the new government should set out a clear vision for resolving the long-standing protracted conflict with Transdniestria. For too long, the government has prevaricated in articulating a comprehensive strategy to achieve a final settlement. All participants in the negotiating process are on record as agreeing on what should be the final goal: incorporation of Transdniestria with a special status into the territorial integrity of Moldova. Russia of course has its own vision of what this 'special status' should be. This was set out in the so-called Kozak Memorandum² presented in 2003, which proposed a federalised structure for Moldova, giving Russia undue influence and allowing it to maintain a military presence until 2020. It was rejected by the then Moldovan Prime Minister Voronin who emphasised that it would violate Moldova's neutral status as defined in its constitution. Nevertheless, Russia continues to trot out the Kozak option at every opportunity, even though it is fully aware that the Russian notion of federalism is like waving a red rag in front of a bull,

² Named after the Russian politician and senior aide to President Putin who drew up the memorandum.

whether in the context of Ukraine or Moldova, as it would result in undue Russian control and undermine the sovereignty of both Ukraine and Moldova.

There are other constitutional options that could help in achieving a final settlement while preserving Moldova's neutral status and avoiding the 'f' word. The Irish Chairmanship of the OSCE, which presided over the 5+2 negotiations during 2012, put forward a framework document entitled "Food for Thought" which set out a proposed road map for a final settlement. The document was inspired by the Northern Ireland peace process where a similar procedure was used based on the principle "nothing is agreed until everything is agreed", and which played a critical role in reaching the 1998 Good Friday Agreement. The Irish Chairmanship document remains on the table of the participants in the 5+2 process. It is time it was revisited.

If 2014 is anything to go by, Russia will be in no mood to allow the Transdniestrian settlement process to move forward. Yet, with Russia's economy facing a continued downward spiral, Transdniestria offers President Putin an opportunity to appear constructive without losing face. It would have everything to win and nothing to lose. There is no danger of a NATO membership, since the Moldovan leadership has repeated its desire to maintain the country's neutral status. It would be an opportunity to show that maintaining Russian influence does not necessarily mean dictating to its neighbours but rather promoting a constructive dialogue and cooperation.

Another reason for Moldova to move forward on the Transdniestrian issue is linked to the DCFTA. Although the current Transdniestrian leadership refused to be part of the DCFTA, the region continues to enjoy an autonomous trade preference regime granted by the EU, which absorbs some 70% of Transdniestrian products. This regime will expire on 1 January 2016. Thus, Moldova has one year in which to convince Transdniestria that its best interests lie in being part of the DCFTA. Failure will mean that Transdniestrian products will automatically be subject to prohibitive tariffs, further complicating efforts to find a lasting settlement.

Conclusion

So all in all, the new government in Moldova, once established, faces a challenging year ahead, but judging from what was achieved in the past year against all odds, it is doable. However, it is only possible if a government is put in place without further delay. If it promotes a policy of consensus-building across the country, while involving civil society representatives and the business community, including from Transdniestria, it can move forward on a sound basis.